

MONTANA TAXPAYERS *Association*



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Chairman Rick Jore
Members of the House Education Committee
Montana House of Representatives

EXHIBIT 7
DATE 1.31.07
HB 297

RE: HB297 – Add Teachers to State Health Insurance

The Montana Taxpayers Association would like to voice our opposition to HB297. The bill, as currently written, will result in a significant increase in property taxes and school spending. The provision to allow districts to levy a permissive levy for contributions which they are in most cases already making from their current budgets (general fund and other) is likely to result in increases in spending in these other budgets as the insurance obligation is relieved. There may initially be some offsetting of levies for district funds as a result of the relief afforded by HB297, however over a longer period little offsetting is unlikely as districts continue to see themselves as “under funded.”

According to the fiscal note (page 9, Effect on County or Other Local Revenues or Expenditures) if all the districts use this permissive mill levy to fund the health insurance requirements of school districts then the additional property taxes could be as high as \$150 million in FY2008, \$164 million on FY2010 and \$180 million in FY2011.

HB297 will most likely result in increased school property tax inequity as current expenditures for health insurance, mostly covered by the capped and equalized general fund, are moved to the unequalized district permissive levy. Additionally the bill allows all employers health insurance costs to be covered by the levy including those currently paid from federal funds.

The potential impact on local mill levies is significant and not equal among school districts. For these reasons we urge a do not pass on HB297.

Sincerely,



Mary Whittinghill, President
Montana Taxpayers Association

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